

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6460 / October 12, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21278

In the Matter of

THOMAS GARNETTE MARTIN, JR.,

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL
SANCTIONS PURSUANT TO
SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF
1940**

I.

The Securities and Exchange Commission (“Commission”) deems it necessary and in the interest of the public to accept the Offer of Settlement (the “Offer”) submitted by Thomas Garnette Martin, Jr. (“Respondent” or “Martin”) pursuant to Rule 240(a) of the Rules of Practice of the Commission, 17 C.F.R. § 201.240(a), for the purpose of settlement of these proceedings instituted against Respondent on January 17, 2023, pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”).

II.

In connection with these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Paragraph III 1-4 below, and consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Martin, 69 years old, is a resident of Hendersonville, North Carolina. At all times relevant to this proceeding, Martin was the president and owner of Carolina Financial Investments, LLC (“Carolina Financial Investments”), a North Carolina limited liability company and unregistered investment adviser.

2. On September 20, 2021, Martin pled guilty to one count of securities fraud in violation of Title 15, United States Code, Sections 78j(b) and 78ff and Title 17, Code of Federal Regulations, Section 240.10b-5, before the United States District Court for the Western District of North Carolina, in *United States v. Thomas Garnette Martin Jr.*, No. 1:21-cr 00074-MR-WCM. On April 25, 2022, a judgment in the criminal case was entered against Martin. He was sentenced to probation for a term of 36 months and ordered to make restitution in the amount of \$136,561.

3. Count One of the criminal information to which Martin pled guilty alleged, among other things, that beginning at least as early as June 5, 2013 and continuing through at least November 18, 2016, Martin defrauded investors in connection with the sale of securities in Dynamic Equity Management Fund (“DEMF”), a Delaware limited partnership and private investment fund formed and managed by Martin. Among other things, Martin induced his victims to invest, and leave their money invested, in DEMF by fraudulently misrepresenting the fund’s past monthly and annual performance. Martin also induced the investors to keep their money invested in DEMF by misrepresenting what he did with their funds – which in some cases were used to pay back prior investors who had suffered losses – and by misrepresenting the current value of their investments.

4. During the period of his misconduct, Martin was an associated person of an investment adviser by virtue of his position as president and owner of Carolina Financial Investments. Carolina Financial Investments was the general partner of DEMF and made all investment decisions for DEMF in exchange for compensation. In connection with his guilty plea in the criminal case, Martin also admitted that, during the relevant period, he held himself out to be an experienced fund manager and investment adviser and, in fact, acted as an investment adviser in connection with DEMF.

IV.

In view of the foregoing, the Commission deems it necessary and in the public interest to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, it is hereby ORDERED that:

Pursuant to Section 203(f) of the Advisers Act, Respondent is barred from associating with any investment adviser, broker, dealer, municipal securities dealer, municipal adviser, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary